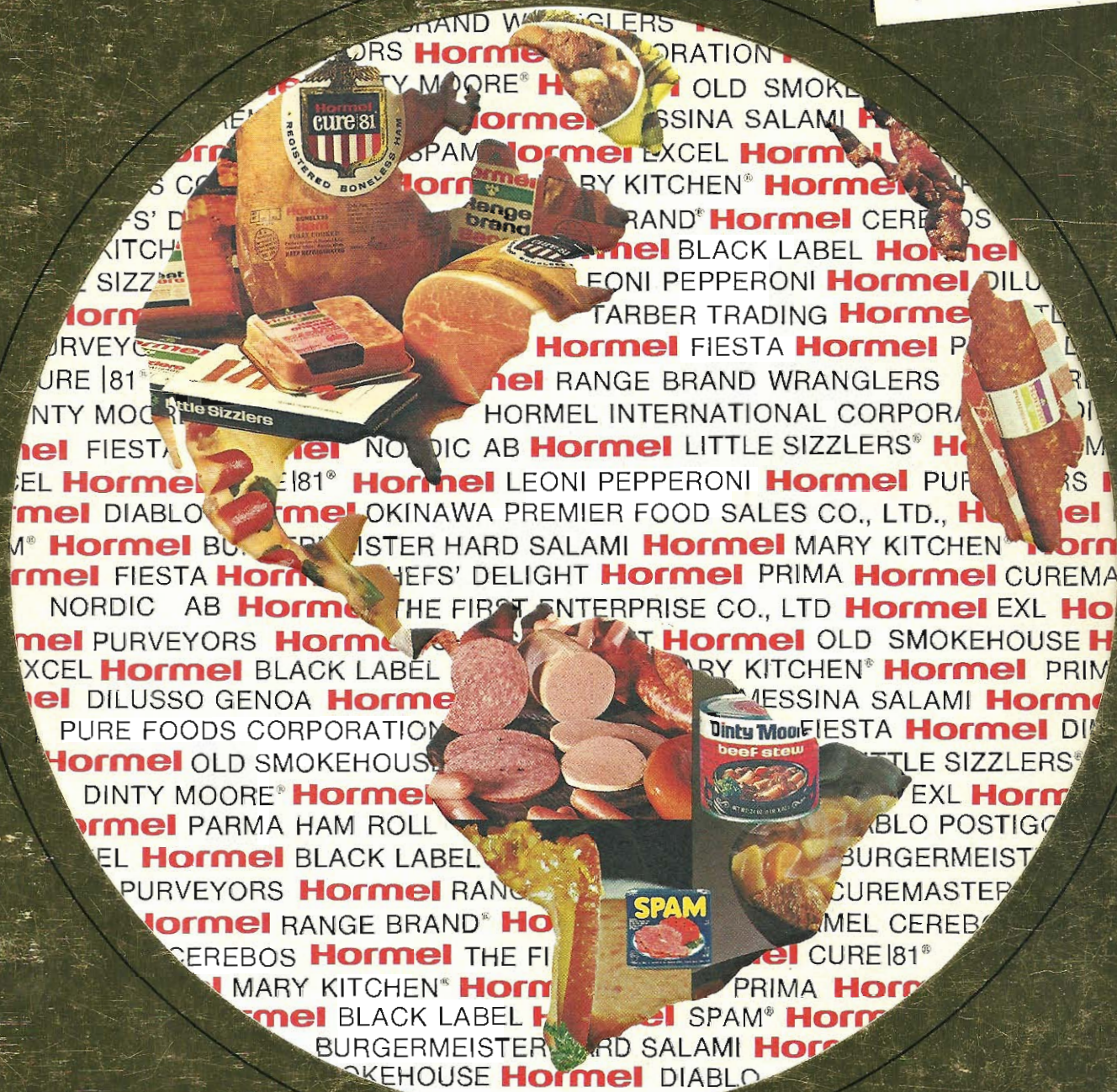
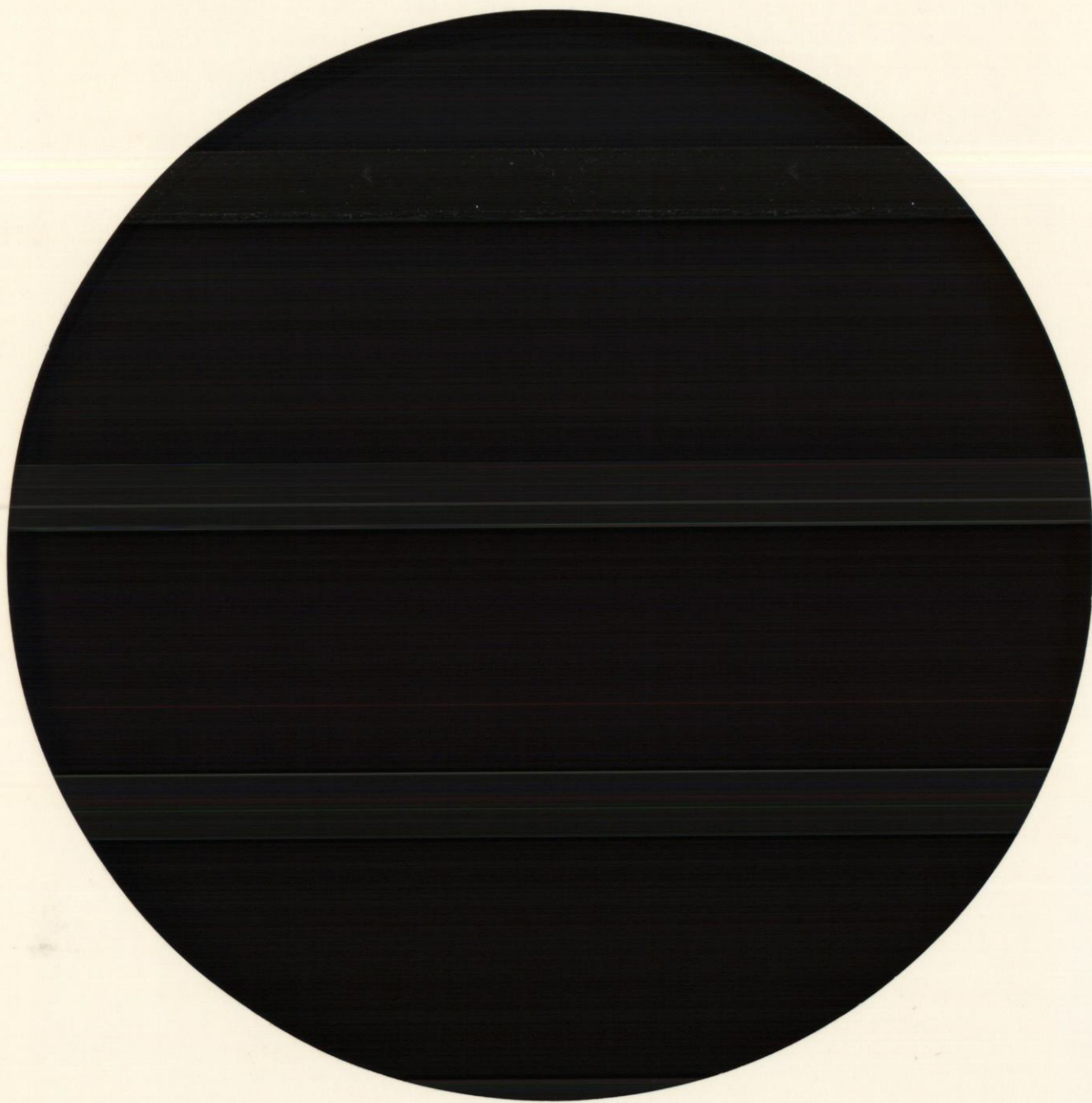


1973 ANNUAL REPORT / GEO. A. HORMEL & COMPANY / AUSTIN, MINNESOTA 55912
FISCAL YEAR ENDED OCTOBER 27, 1973

GEO. A. HORMEL & COMPANY/AUSTIN, MINNESOTA 55912
FISCAL YEAR ENDED OCTOBER 27, 1973

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Hormel

LITTLE SIZZLERS®
RANGE BRAND WRANGLERS Hormel
PURVEYORS Hormel CORPORATION Hormel
Hormel DINTY MOORE® Hormel OLD SMOKEHOUSE
CURE 81® Hormel MESSINA SALAMI Hormel
Hormel SPAM Hormel EXCEL Hormel BARBER
PURE FOODS CORPORATION Hormel MARY KITCHEN® Hormel CURE 81®
CHEFS' DELIGHT Hormel RANGE BRAND® Hormel CERELOS Hormel
MARY KITCHEN® Hormel BLACK LABEL Hormel CURE 81®
LITTLE SIZZLERS® Hormel LEONI PEPPERONI Hormel DILUSSO GENOA
Hormel TARTER TRADING Hormel LITTLE SIZZLERS®
PURVEYORS Hormel FIESTA Hormel PARMA DIABLO
CURE 81® Hormel RANGE BRAND WRANGLERS Hormel CUREMASTER
DINTY MOORE® Hormel HORMEL INTERNATIONAL CORPORATION DILUSSO GENOA
Hormel FIESTA Hormel NORDIC AB Hormel LITTLE SIZZLERS® Hormel MARY KITCHEN®
EXCEL Hormel CURE 81® Hormel LEONI PEPPERONI Hormel PURVEYORS Hormel
Hormel DIABLO Hormel OKINAWA PREMIER FOOD SALES CO., LTD., Hormel EXL
SPAM® Hormel BURGERMEISTER HARD SALAMI Hormel MARY KITCHEN® Hormel
Hormel FIESTA Hormel CHEFS' DELIGHT Hormel PRIMA Hormel CUREMASTER
NORDIC AB Hormel THE FIRST ENTERPRISE CO., LTD Hormel EXL Hormel
Hormel PURVEYORS Hormel OLD SMOKEHOUSE Hormel
EXCEL Hormel BLACK LABEL MARY KITCHEN® Hormel PRIMA
Hormel DILUSSO GENOA Hormel MESSINA SALAMI Hormel
PURE FOODS CORPORATION FIESTA Hormel DINTY MOORE
Hormel OLD SMOKEHOUSE LITTLE SIZZLERS®
DINTY MOORE® Hormel EXL Hormel
Hormel PARMA HAM ROLL DIABLO POSTIGO PASCUAL
BLACK LABEL Hormel BLACK LABEL BURGERMEISTER HARD SALAMI
PURVEYORS Hormel RANGE CUREMASTER
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Hormel BLACK LABEL Hormel SPAM® Hormel
BURGERMEISTER HARD SALAMI Hormel
OLD SMOKEHOUSE Hormel DIABLO



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President I. J. Holton.



Board Chairman M. B. Thompson.

TO OUR SHAREHOLDERS

In a difficult year for much of the nation's economy, Geo. A. Hormel & Company had its share of difficulties. Our earnings declined for the second year in a row.

Hog supplies were significantly reduced from year earlier numbers. Limited availability of livestock in relation to record personal incomes drove raw material prices to unprecedented levels. For much of the year, operations were conducted at considerably less than optimum levels. The government's economic controls program was an additional contributing factor. The cost-price restrictions prevented the Company's selling prices from being increased for extended periods of time even though inventories

had been prepared from high cost materials. In some cases, products had to be sold at a loss.

The pages to follow will provide a more detailed report of the Company's past fiscal year. A report on operations, marketing programs and current and projected capital expenditures is included.

Looking ahead to 1974, we find some grounds for encouragement. Several of the problems of the past year have been lessened or largely eliminated. Our commitments to growth, development of new products, aggressive marketing programs and continuing improvements in operating efficiencies continue.

M. B. Thompson

I. J. Holton



THE BUSINESS REVIEW

Several factors contributed to the lower earnings experienced by your Company during the past year.

Adequate livestock supplies and absence of government controls on products will be major factors in renewing the Company's upward trend in earnings.

Livestock supply cycles are not new to our industry. Repeatedly in the past low prices have induced cut backs in production by the livestock producers. Lower production, in turn, developed an increase in prices which provided the producer with an incentive to increase supply — the normal working of the law of supply and demand.

These cycles took years, from peak to valley, partly because of the laws of nature which dictate an element of time between producers' intentions and final marketing of live animals. Extremes developed but they were generally of comparatively short duration.

Starting in 1972 and extending through 1973, there occurred throughout the world political and economic events of such character and size that the consumer, producer and processor became confused, uncertain and, in many cases, angered. In this atmosphere, we saw boycotts as well as hoarding by consumers, withholding and liquidating by producers and violent fluctuations (mostly downward) in most processors' margins.

Extremes became the rule rather than the exception. Supply fell behind demand on nearly every front.

We believe that the worst is now behind us. Prices in our industry are well below the peaks. Interest rates are easing. We feel that the future holds much promise for your Company.

Net Earnings

Earnings for the year were \$7,403,000, compared to \$7,788,000 in 1972. This amounted to \$1.54 per share of common stock, down moderately from \$1.63 in 1972.

Funds made available to eligible employees under the Company's Joint Earnings Plan (profit sharing) amounted to \$1,479,000. Since the beginning of the Plan 35 years ago, \$44,299,000 has been provided for employees out of earnings.

Amounts paid to employees under the Joint Earnings Plan are in addition to regular pay which matches or exceeds the top rates paid in our industry in the area where the individual is employed. The Plan provides a means of rewarding the people in the organization for their



Hog supplies fell short of predictions during 1973. Improvement seen in last half of 1974.

extra efforts directed toward improving quality, reducing waste and cooperating in the efficient conduct of the business.

Sales Dollars

Sales, after returns and allowances, followed the price spiral and were \$825,671,000, an increase of \$105,916,000 over the prior year. Sales tonnage was down although it was heartening to note only small reductions in certain key categories of branded products. In some such categories we were able to increase volume.

Capital Investment

The Hormel Company continues to expand and improve its physical assets. Expenditures for property, plant and equipment again were significant, amounting to \$15,121,000, a record for any one year in the Company. It should be noted that much of these expenditures were directed toward increasing our production capacity.

Depreciation for the current fiscal year was \$7,125,000.

Dividends

Cash dividends were increased in February, 1973, within the limits allowed by the Government's Committee on Interest and Dividends. Dividends paid and accrued during the fiscal year were \$3,893,000.

Geo. A. Hormel & Company has paid dividends for 45 consecutive years.

Pension Trusts

The Company's provision for current and past services under the Employee's Pension Trusts for the year was \$7,826,000. The obligation for vested benefits for all plans as of the end of the year was estimated to be \$8,880,000 in excess of amounts funded.

Past service costs are amortized over a period of 30 years from the date of inception or date of amendment of the plans.

Shareholder's Investment

Shareholder's investment on October 27, 1973, amounted to \$104,654,000. On this basis, the book value of common stock outstanding was \$21.77 per share.

Short-Term Debt

Record borrowings at record prime rates of interest followed the virtual explosion of prices and its effect on working capital requirements. We are grateful for the excellent support of our banks of long standing at a time when they were hard-pressed by all companies having some commodity orientation.

Labor Situation

Most of the major companies in our industry have reached agreement with unions representing their employees on the terms of new three-year contracts. These new contracts have an effective date of September 3, 1973. They provide for a first year increase of 20¢ per hour and 20¢ per hour in each of the succeeding two years. Additionally, they provide for the restoration of cost-of-living adjustments every six months, for substantial pension improvements and for the addition of a prescription drug plan, a dental plan and an optometric plan to existing Health and Welfare programs.

Our Company traditionally has followed industry practice in its settlements but at this writing an accord has not been reached with many of our local unions.

We are confident that satisfactory agreements with the local unions can be reached in the near future.

Sherwood O. Berg

During the past year, Sherwood O. Berg, former Dean of the Institute of Agriculture of the University of Minnesota, resigned from the Board of Directors as a consequence of his acceptance of a two-year assignment to a high post in Indonesia. Dr. Berg's contribution to the Board was considerable.

Livestock Projections

Hog supplies fell short of predictions during 1973. We anticipate about the same supply of hogs for the first half of 1974 as were available for 1973. The last half of 1974 should show improvement over 1973.

It is anticipated there will be no significant change from 1973 in the number of cattle coming to market in the first half of 1974. Projections are for a greater supply of cattle in the last half of 1974.

We fully recognize that the success of our Company is dependent upon our loyal and competent employees. We are grateful to them for their contributions, to our customers and suppliers for their continuing support and to our shareholders for their sustained confidence.



(Beloit, Wis., plant)



The newly-completed Beloit, Wis., canning plant.

The Company's long-term capital investment program to build new plants and to re-equip and expand existing ones continued in fiscal 1973. Also, to further increase the efficiency of Hormel manufacturing operations, important improvements were made in plant facilities.

New Canning Plant Completed

The multi-million dollar Beloit, Wis., canning and warehousing plant is now completed and in operation.

The 250,000 square foot structure is the largest non-slaughtering facility within the Hormel organization. Hormel Chili, Mary Kitchen Roast Beef Hash, Mary Kitchen Corned Beef Hash and the Company's complete line of vending products are now produced in this modern facility. These major canned meat products, along with other items in the Grocery Products line, are being distributed to customers in the east central United States.

LOOKING TO THE FUTURE

Plant expansion and modernization programs were continued in 1973.

These expenditures will enable Hormel to broaden its product lines and improve operating efficiencies and customer service—resulting in new sources of strength and growth for the Company.



SPAM Department — Fremont, Neb.

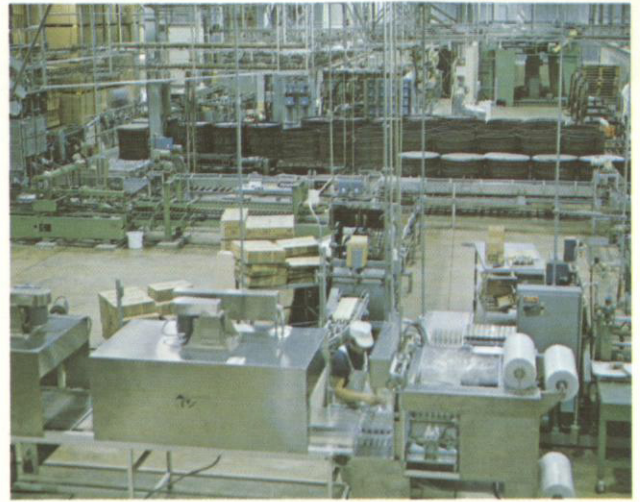
Construction at Fremont, Neb.

Now completed at the Fremont, Neb., plant is the 65,000 square foot addition that will aid in reducing operating costs while providing for increased production of Grocery Products items.

Complete SPAM canning facilities have been installed, including a hydrostatic cooker, an automatic blending operation and mechanized filling and closing machines. Installation of a Vienna Sausage line will provide the added capacity necessary to serve our growing markets.

The former Grocery Products area in Fremont has been renovated and the Company's fresh sausage operations — luncheon meats and wieners — are now manufactured in this modern area.

Another addition, this one measuring 22,000 square feet, will expand the production capacities for smoked meats at the Fremont plant. Highly-automated processing ovens, or smokehouses as they are more familiarly known, will be installed to replace existing units. When completed, the Fremont plant will have the newest techniques and facilities available for the processing, packaging and handling of Grocery Products, fresh and smoked meats.



New Grocery Products addition — Fremont, Neb.

Addition to Algona, Iowa, Plant

Announcement was made in late July that 30,000 square feet would be added to the Company's dry sausage manufacturing plant in Algona, Iowa. The present 85,000 square foot structure was constructed in 1970.

A large freezer, drying rooms and dry storage area are being added, increasing the dry sausage production in Algona and giving new impetus to this important Company product line. Construction is expected to be completed in early 1974.



Expansion of Algona, Iowa, dry sausage manufacturing plant.



Construction of new sewage treatment plant — Austin, Minn.

Building Activity in Austin

Construction has begun on a 22,276 square foot addition to the Process and Product Development Building in Austin, nearly tripling in size the present facility which was constructed in 1968.

This new unit, a second phase by the Hormel Company to enlarge and modernize its research facilities, will serve as a basic research, chemistry and microbiology center. Nutritional studies, shelf life studies, package research and taste panel tests will be conducted in the new building. Facilities will also be available to seek new and improved methods for pollution abatement and plant sanitation control.

In the critical areas of environmental control, Hormel has devoted extensive efforts to the proper disposal of water and waste products.

Construction is well underway on a new sewage treatment plant and modernization of existing facilities in Austin, site of the Company's "home" plant. In this cooperative effort with the City of Austin, Hormel has designed and is paying for an industrial waste treatment facility that will meet the plant's requirements for the future.

The new treatment plant, after it is constructed and put into operation, will be turned over to the City of Austin. The cost of operation and maintenance of the new plant will be assumed by the Hormel Company.

Now in the design stage are plans for a complete odor abatement program for the Austin plant which will meet air quality standards.

The addition to the Market Shipping Department in Austin has been completed. The 80 x 232 foot building now serves as a central marketing or holding area for all product which is to be shipped to Hormel customers via rail car or truck.



Addition to Process and Product Development Building — Austin, Minn.



New Market Shipping Department — Austin, Minn.

1973

 **Hormel** 

FINANCIAL
SECTION

1970**	1969	1968	1967	1966	1965	1964**
\$695,768	\$626,017	\$585,879	\$548,819	\$491,733	\$441,600	\$411,827
9,933	9,236	9,134	8,658	3,511	4,351	5,725
1.43%	1.48%	1.56%	1.58%	.71%	.99%	1.39%
116,921	104,325	98,519	91,409	78,399	78,618	79,743
12,648	12,260	11,833	9,633	4,774	4,950	6,477
4,918	3,830	3,578	3,417	3,198	2,902	2,527

\$ 37,818	\$ 39,339	\$ 40,497	\$ 37,707	\$ 33,489	\$ 26,668	\$ 25,768
45,683	38,767	32,211	29,164	28,293	28,248	26,988
129,416	115,788	108,484	104,898	86,096	80,274	79,269
83,081	76,480	70,220	63,407	57,188	55,306	52,868

\$ 2.09	\$ 1.94	\$ 1.92	\$ 1.82	\$.74	\$.91	\$ 1.20
.70	.625	.4875	.5125	.35	.40	.35
17.45	16.07	14.75	13.32	12.01	11.62	11.11

DISTRIBUTION OF SALES DOLLAR

Cost of Livestock, Supplies, etc. —————	74.65¢
Wages and Salaries —————	13.11¢
Manufacturing, Selling and Other Expenses —————	3.80¢
Transportation Costs —————	2.83¢
Employee Benefits —————	2.56¢
All Taxes —————	1.06¢
Net Earnings —————	.90¢
Depreciation —————	.86¢
Interest Cost —————	.23¢



TEN YEAR REVIEW

(In thousands of dollars)

OPERATIONS

	1973	1972	1971
Net Sales.....	\$825,671	\$719,755	\$686,487
Net Earnings.....	7,403	7,788	16,664
Per Cent of Sales.....	.90%	1.08%	2.43%
Wage Costs.....	129,419	129,277	127,775
Total Taxes.....	8,717	9,431	19,053
Depreciation.....	7,125	6,417	5,435

FINANCIAL POSITION

Working Capital.....	\$ 34,256	\$ 39,275	\$ 43,646
Properties (net).....	67,481	60,178	51,841
Total Assets.....	179,950	149,468	153,144
Stockholders' Investment.....	104,654	101,187	96,175

PER SHARE OF COMMON STOCK*

Net Earnings.....	\$ 1.54	\$ 1.63	\$ 3.50
Dividends.....	.81	.78	.75
Stockholders' Investment.....	21.77	21.04	20.20

*Adjusted for Stock Split.

**53 Weeks

STATEMENT OF CONSOLIDATED EARNINGS

	Fiscal Year Ended	
	October 27, 1973	October 28, 1972
Sales, less returns and allowances	\$825,670,697	\$719,755,110
Interest and other income	172,523	211,710
	<u>825,843,220</u>	<u>719,966,820</u>
Costs and expenses:		
Cost of products sold	739,212,836	632,162,317
Selling and delivery expenses	60,548,631	62,835,689
Administrative and general expenses	10,021,331	9,280,887
Interest	1,930,481	553,494
	<u>811,713,279</u>	<u>704,832,387</u>
EARNINGS BEFORE INCOME TAXES	14,129,941	15,134,433
Provision for income taxes	6,727,000	7,346,000
NET EARNINGS (Per share 1973—\$1.54; 1972—\$1.63)	<u>\$ 7,402,941</u>	<u>\$ 7,788,433</u>

See note to consolidated financial statements.

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

	October 27, 1973	October 28, 1972
CURRENT ASSETS		
Cash.....	\$ 15,011,840	\$ 12,719,365
United States Government and other marketable securities—at cost which approximates market.....	—	3,900,000
Accounts receivable, less allowance \$100,000.....	41,805,376	31,386,172
Inventories of products, livestock, packages and materials—at lower of cost (principally first-in, first-out) or replacement market.....	52,208,351	38,307,006
Prepaid insurance and other expenses.....	526,784	1,243,360
TOTAL CURRENT ASSETS	109,552,351	87,555,903
CURRENT LIABILITIES		
Notes payable.....	21,023,883	—
Accounts payable and accrued expenses.....	49,503,335	44,709,524
Dividend payable November 15.....	973,240	937,611
Federal income taxes.....	3,795,983	2,633,947
TOTAL CURRENT LIABILITIES	75,296,441	48,281,082
WORKING CAPITAL.....	34,255,910	39,274,821
INVESTMENTS—at underlying equity.....	2,916,576	1,734,596
PROPERTY, PLANT AND EQUIPMENT—on the basis of cost		
Land.....	1,740,336	1,774,625
Buildings.....	46,211,892	41,897,501
Equipment.....	59,640,148	54,614,963
Construction in progress.....	12,800,088	10,237,389
Less allowances for depreciation.....	(52,911,078)	(48,346,590)
	67,481,386	60,177,888
 STOCKHOLDERS' INVESTMENT.....	 \$104,653,872	 \$101,187,305

See note to consolidated financial statements.

STATEMENT OF CONSOLIDATED STOCKHOLDERS' INVESTMENT

	Fiscal Year Ended	
	October 27, 1973	October 28, 1972
CAPITAL STOCK		
Preferred Stock, par value \$100 a share:		
Authorized 50,000 shares		
Issued—none		
Common Stock, par value \$1.875 a share:		
Authorized 6,000,000 shares		
Issued:		
Beginning of year 1973—4,808,258 shares;		
1972—4,760,496 shares		
(all outstanding)	\$ 9,015,484	\$ 8,925,930
Par value of 47,762 shares issued for an acquisition ..	—	89,554
End of year—4,808,258 shares		
(4,806,109 outstanding, 2,149 in treasury)	9,015,484	9,015,484
Additional paid-in capital:		
Beginning of year	2,852,002	1,986,315
Excess of estimated market value over par value of		
stock issued for an acquisition	—	865,687
End of year	2,852,002	2,852,002
	<u>11,867,486</u>	<u>11,867,486</u>
EARNINGS REINVESTED IN BUSINESS		
Beginning of year	89,319,819	85,263,203
Net earnings for year	7,402,941	7,788,433
	<u>96,722,760</u>	<u>93,051,636</u>
Deduct cash dividends on Common Stock		
(1973—\$.81 a share; 1972—\$.78 a share)	3,893,394	3,731,817
End of year	<u>92,829,366</u>	<u>89,319,819</u>
TREASURY STOCK—at cost		
Common Stock acquired during 1973—2,149 shares	(42,980)	—
TOTAL STOCKHOLDERS' INVESTMENT	<u><u>\$104,653,872</u></u>	<u><u>\$101,187,305</u></u>
See note to consolidated financial statements.		

STATEMENT OF CHANGES IN CONSOLIDATED FINANCIAL POSITION

	Fiscal Year Ended	
	October 27, 1973	October 28, 1972
Working capital at beginning of year.....	\$ 39,274,821	\$ 43,645,872
Additions:		
From operations:		
Net earnings for the year.....	7,402,941	7,788,433
Provision for depreciation.....	7,124,850	6,417,415
	<u>14,527,791</u>	<u>14,205,848</u>
Carrying value of disposals of property, plant and equipment.....	692,939	44,522
Issuance of Common Stock for acquisition.....	—	955,241
	<u>15,220,730</u>	<u>15,205,611</u>
Deductions:		
Additions to property, plant and equipment.....	15,121,287	14,799,290
Cash dividends on Common Stock.....	3,893,394	3,731,817
Purchase of treasury stock.....	42,980	—
Increase in investments.....	1,181,980	1,045,555
	<u>20,239,641</u>	<u>19,576,662</u>
Decrease in working capital.....	<u>5,018,911</u>	<u>4,371,051</u>
Working capital at end of year.....	<u>\$ 34,255,910</u>	<u>\$ 39,274,821</u>
Changes in components of working capital:		
Increase (decrease) in current assets:		
Cash.....	\$ 2,292,475	\$ 678,781
Marketable securities.....	(3,900,000)	(13,548,733)
Accounts receivable.....	10,419,204	1,201,559
Inventories.....	13,901,345	(1,528,987)
Prepaid expenses.....	(716,576)	139,243
	<u>21,996,448</u>	<u>(13,058,137)</u>
Increase (decrease) in current liabilities:		
Notes payable.....	21,023,883	—
Accounts payable and accrued expenses.....	4,793,811	(3,820,067)
Dividend payable.....	35,629	45,017
Federal income taxes.....	1,162,036	(3,902,036)
Payments due within one year on long-term debt.....	—	(1,010,000)
	<u>27,015,359</u>	<u>(8,687,086)</u>
Decrease in working capital.....	<u>\$ 5,018,911</u>	<u>\$ 4,371,051</u>

See note to consolidated financial statements.

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS

October 27, 1973 and October 28, 1972

ACCOUNTING POLICIES AND OTHER DATA:

Principles of Consolidation—The consolidated financial statements include the accounts of the Company and all of its majority-owned subsidiaries. All significant intercompany accounts, transactions and profits have been eliminated in consolidation. Investments in foreign companies (the Company's investment does not exceed 50% in any foreign operating company) are included in the financial statements at the Company's equity therein. The accounts of the foreign companies have been translated at appropriate rates of exchange and the resulting gains and losses (not material in amount) have been reflected in operations. The excess of the cost of acquisitions over the Company's equity in net assets acquired is not material in amount and is being amortized over periods of ten to forty years.

Depreciation, Maintenance and Repairs—Depreciation of property, plant and equipment is provided principally by accelerated methods approximating the double-declining balance method. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful life of the assets are capitalized.

Research and Development Costs—Research and development costs are expensed as incurred.

Pension Plans—The Company has several pension plans covering substantially all of its employees. The total pension expense was \$7,826,300 for 1973 and \$8,836,700 for 1972 which includes amortization of prior service costs over a period of thirty years from the date of inception or date of amendment of the plans. A change during the year in the interest assumption had the effect of increasing net income by approximately \$500,000 or \$.10 per share. The Company's policy is to fund pension costs accrued. The actuarially computed value of vested benefits for all plans as of the most recent valuation date exceeded the total of the pension funds by approximately \$8,880,000.

Income Taxes—Provision is made for income taxes payable. No provision is made for deferred income taxes as there are no material timing differences between financial and taxable income. The investment tax credit, 1973—\$423,000; 1972—\$457,000, has been used to reduce the income tax provision (flow-through method).

Earnings Per Share—Earnings per share of Common Stock are based on the weighted average number of shares outstanding.

ACCOUNTANTS' REPORT

ERNST & ERNST

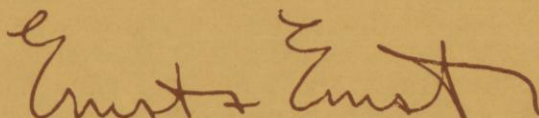
FIRST NATIONAL BANK BLDG.

MINNEAPOLIS, MINN. 55402

To the Stockholders and Board of Directors
Geo. A. Hormel & Company
Austin, Minnesota

We have examined the statements of consolidated financial position of Geo. A. Hormel & Company and subsidiaries as of October 27, 1973 and October 28, 1972 and the related statements of consolidated earnings, stockholders' investment and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying aforementioned financial statements present fairly the consolidated financial position of Geo. A. Hormel & Company and subsidiaries at October 27, 1973 and October 28, 1972 and the consolidated results of their operations, changes in stockholders' equity and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

A handwritten signature in dark ink, appearing to read "Ernst & Ernst", is written in a cursive, stylized script.

Minneapolis, Minnesota
November 20, 1973



(Soo Klingaman, 1973 National Pork Queen, at National Barrow Show)

Minnesota, Iowa, Nebraska and South Dakota and other Midwestern states constitute some of the best livestock-producing areas of the nation. Because the farm is the source of our raw material, the Hormel Company has slaughtering plants in Austin, Minn., Fort Dodge, Iowa, Fremont, Neb., Huron and Mitchell, S. D., and as far south as Springfield, Mo., and Miami, Okla. In addition, country livestock buying stations are strategically located in most of these states and trained, experienced buyers keep in close touch with our farmer friends.

But, paying hundreds of millions of dollars in cash for quality meat animals is not the only service Hormel offers to the farmer. Many programs of interest to the farmer were started 40 years ago — most all of them are still in effect.

Support Livestock Clinics

Clinics and courses on breeding, grading and proper care of swine and cattle are held regularly. Company personnel work closely with various farm organizations, agricultural colleges and government agencies to help promote research and educational programs designed to bring about improved livestock production and marketing techniques.

Hormel provides experts to assist with judging activities at county and state fairs and at livestock expositions and, in addition, strongly encourages and supports youth groups such as 4-H and Future Farmers of America.

Hormel Farmer Issued Monthly

The Hormel Farmer is a monthly publication that has been made available to nearly 25,000 livestock producers and other interested agricultural personnel since 1937.

HORMEL AND THE FARMER

**The process of bringing food
to the nation's dinner tables
begins with the farmer.**

**And, for three-quarters of a century,
the farmer and Hormel have worked together
to provide nutritious meat products
for American consumers of all ages.**

Each issue is designed primarily to bring to the attention of livestock producers the reports of other farmers who have been successful in their farm operation.

Grade-and-Yield Marketing

Forty-two years ago, in 1932, Hormel started offering livestock producers the option of marketing their hogs and cattle via a price per live hundred-weight or the grade-and-yield method.

The latter plan is preferred by many farmers because it provides them with an incentive to produce better livestock. The end result is lean, tasty and nutritious pork and beef for the consumer.

National Barrow Show

One of the more identifiable services Hormel offers to the farmer is the annual National Barrow Show, popularly known as the "World Series of Swine Shows." Hormel has been the chief sponsor of this prestigious event since 1946.

The National Barrow Show has steadily grown in size and stature. In 1973, over 3,000 hogs were entered from 25 states and Canada. Over 1,100 4-H, FFA and college students participated in a swine judging contest.

Hormel also sponsors the Fort Dodge (Iowa) Market Hog Show, the Fremont (Neb.) Midwest Market Hog Show, the Midwest Market Barrow Show in Austin and the Midwest Steer & Carcass Show, also held each year in Austin.

Other Services Provided

Hormel began to serve as host for a district FFA judging contest in 1948. The contest has since grown to a regional event, encompassing four districts. It is the largest of its kind in Minnesota.

The swine certification program was started in 1954 and Hormel was among the first to endorse and cooperate with this program. Hormel continues to collect and report certification data for use by farmers.

In 1948, the Hormel Computing Slide was developed for use in rapid calculation of judging contest scores. This slide, the only one of its kind in the nation, has been made available to every state and to a number of foreign countries. The Ham-Loin Index, a carcass evaluation plan, was developed in 1962 and is now used in many county, state and national hog shows.



(“Good Time” Hormel Chili)

THE MARKETING REPORT

The Hormel Company's basic philosophy of providing high-quality, nutritious foods with the best possible value is as true today as it was generations ago.

At the Hormel Company, "changing with the times" to meet new consumer needs and desires is a common practice. Adhering to this concept, Hormel became the first in the industry to introduce nutritional labeling of a meat product.

Because wieners are such an important part of the diet of millions of youngsters, Hormel Meat Wieners (1 lb. and 12 oz.) were selected in May, 1973, to initially offer useful nutritional data to consumers. The nutrient label lists the essential nutrients — including calcium, sodium and iron, as well as some of the important vitamins, niacin, riboflavin and thiamine. The label not only tells homemakers what's in a Hormel Meat Wiener but also reveals what nutrients are not present.

This voluntary, meaningful beginning in the nutritional labeling of meat products was enhanced only a few months later when percentage ingredient labeling of Hormel Meat Wieners was introduced. Now, for the first time, consumers could determine the quantity of beef and pork, water, salt and other ingredients in this popular meat product. If consumer reaction is favorable, nutritional and percentage ingredient labeling will appear on other Company products.



Awards for Excellence.

The Company's program of providing reliable, understanding nutrition information has not gone unnoticed. In early October, The Society for Nutrition Education commended Hormel for its excellence in furthering nutritional awareness, citing the Company's comprehensive advertising program in newspapers and its two-minute family radio show discussing all facets of proper nutrition.

Satisfy Consumer Interests

The Company's emphasis on service to the consumer has been apparent in other areas as well. The viewing window of Hormel Bacon was substantially enlarged to provide homemakers a better view of the quality and degree of leanness of a "representative slice" of bacon packed inside.



Hormel continues to stamp open dates on wieners, bacon, sliced luncheon meats and other processed meat products. The stamp serves as a control guide for the retailer, providing him with a recommended date by which the product is to be sold and still retain wholesomeness and flavor for normal home usage.

New Dry Sausage Product

To meet an identified consumer need for a lean beef sausage, Hormel added Lumberjack Beef Roll to its ever-expanding line of dry sausage products. Lumberjack Beef Roll, weighing approximately three pounds, is designed for slicing and over-wrapping in delicatessens and self-service stores. It is marketed in an attractively decorated casing featuring the familiar Dinty Moore caricature.



Lumberjack Beef Roll.



Hormel Bacon — Truly a breakfast treat!



Little Sizzlers.

Extensive Marketing Efforts

Nationwide promotion of Hormel meat products continued during the past year. Sales of Cure/81 Hams, Range Brand and Black Label Bacon, Hormel Wieners, Little Sizzlers and other processed packaged foods were promoted by vigorous merchandising programs and extensive advertisements in print and broadcast media. Special tie-in and related product promotions were also used.

One example of a new marketing effort is the colorful point-of-purchase poster reproduced on pages 2 and 19 of this year's Annual Report. This imaginative delicatessen scene is intended to help strengthen the Company's image as a major processor of ethnic dry sausage products for the Italian market.

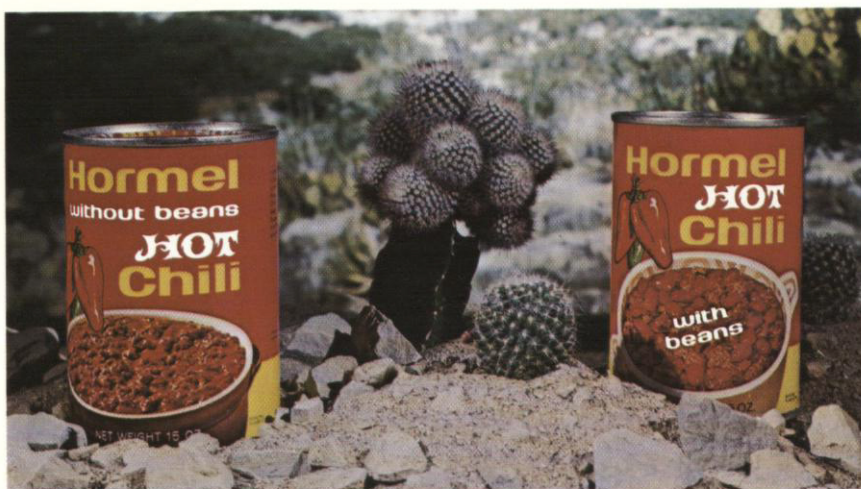
Grocery Products Promotions

Throughout the year, the Company's Grocery Products Division promoted its products through spot television and radio commercials and advertising in a host of national magazines and newspapers.

An especially effective effort has been the new Hormel "Good Time" Chili theme. The entire Hormel Chili line continues to be promoted as "fun foods" appealing primarily to young adults. New "Good Time" 30-second commercials are now being aired on network television.



Hormel Chili.



Hormel Hot Chili.

Hormel Hot Chili, introduced in 1970, achieved a record volume and has proved to be an established addition to the Company's chili line.



The Dinty Moore line.

Dinty Moore Product Line

Three established favorites — Dinty Moore Beef Stew, Dinty Moore Meat Ball Stew and Dinty Moore Corned Beef — and three recent additions — Dinty Moore Vegetable Stew, Dinty Moore Roast Beef with Gravy and Dinty Moore 3/Meat Mulligan Stew achieved strong volume gains through continued expansion of distribution.

SPAM, the largest selling canned luncheon meat in the world, continues to receive its share of the Company's advertising dollar. "A Lot of Meat but not a Lot of Money" is the marketing theme used to explain that SPAM makes your meat dollars go further.

SPAM also received considerable nationwide publicity in mid-1973 with a syndicated news story that appeared in major U.S. newspapers.



SPAM: "A Lot of Meat but not a Lot of Money."

Imported Canned Hams

Delays were experienced in 1973 in a plan to market imported canned hams under the Hormel label. A variety of sizes — 3, 5 and 7 lb. in the familiar pear-shape for consumer sales and the 8 to 10 lb. pullman-style for easy slicing and "over-the-counter" delicatessen sales — are expected to be placed into test markets in early 1974.

The imported hams will be manufactured in Poland, for many years a major supplier of specialty hams in the U.S. They will be extra lean and offer fine quality and convenience — in keeping with the tradition that Hormel has established over the years.



Hormel imported canned hams.



Hormel "mini-meal" products.

Vending Products Go Retail

The entire line of Hormel vending products — consisting of 19 items — will soon be appearing in retail stores across the country.

These processed, highly-popular convenience foods will be marketed in 7½ oz., E-Z open containers with a bold new label design that identifies them as single portion condiments. Included in this line are individual size stews, chili and casseroles under the Dinty Moore, Mary Kitchen and Hormel brand names.

"Shrink-Wrapping"

Hormel was the first in the meat packing industry to introduce a new packaging innovation, called "Shrink-Wrap," which has quickly met with retail trade approval.

"Shrink-Wrapping" of products eliminates one-half of the corrugated shipping carton, replacing it with transparent plastic film. Besides making product identification quicker and easier, "Shrink-Wrapping" reduces Company packaging costs and provides excellent protection during shipment.



"Shrink-Wrapping."

Retailers, in turn, can stack the trays of Hormel product on the shelves as a unit or feature cases of product in mass floor displays.

Major Grocery Product Division items are now shipped via "Shrink-Wrap" and other Company canned meat products are being converted to this new packaging concept.



Stuffed Peppers.



Stuffed Cabbage Roll.

Food Service Division

Stuffed Peppers and Stuffed Cabbage Roll were added to the list of frozen prepared entrees now manufactured and distributed to mass feeding operations. Charbroiled beef patties are now produced at the Company's Fine Frozen Foods plant in Oklahoma City, Okla., for use by industrial plants, schools and colleges.

A new retail package — featuring breaded beef patties — has been introduced to supermarkets and other retail outlets. Each package is tray-packed and wrapped in clear film and sold under the Hormel label.



Private label gelatin desserts manufactured by Hormel.



New vending items.

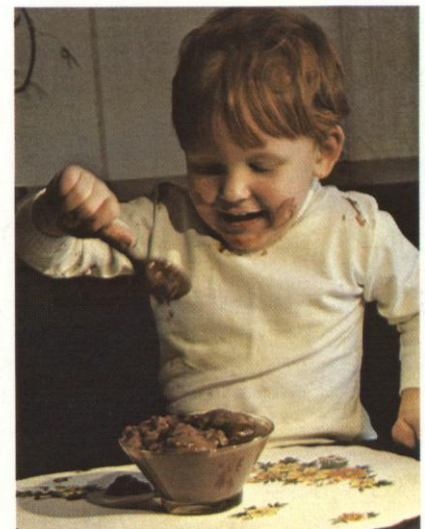
Three new items — Hormel Macaroni 'n Cheese, Hormel Beans 'n Bacon and Hormel Rice 'n Chicken Creole — were added to the Company's growing line of hot food vending items. These 7½ oz. products are sold nationwide to vending and mobile catering markets.

Industrial Products Division

Sales of private label gelatin desserts and puddings to large U.S. wholesalers and supermarkets doubled in 1973. Over 150 accounts and 450 different items, including brand names, sizes and flavors, are produced.

Gelatin desserts are sold in the familiar 3 and 6 oz. sizes and cooked puddings are boxed in the 4 oz. size.

The Industrial Products Division is also packing a pre-sweetened iced tea mix, unflavored gelatin, topping mixes, gravy mixes and seasonings.



Cooked Puddings — A child's delight!



75 1/2 LB
Hormel
Prosciutto

PAESE
ESESE
75

12156610
280

FRENCH
PORT SALUT
250

DIRECTORS

Elmer L. Andersen
E. C. Alsaker
Raymond J. Asp
*Sherwood O. Berg
Bruce Corey
Robert M. Gill
I. J. Holton
James C. Hormel
Lee D. Housewright, Jr.
Robert F. Potach
M. B. Thompson

*Resigned June 30, 1973

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Raymond J. Asp Group Vice President
Lee D. Housewright, Jr. Group Vice President
Bruce Corey Vice President
N. D. Gahagen Vice President
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Charles D. Nyberg Secretary
Robert F. Potach Controller
Don J. Hodapp Assistant Controller
Richard W. Schlange Assistant Controller
Walter B. Stevens Assistant Treasurer
Robert J. Thatcher Assistant Treasurer



Common Stock

Listed Midwest Stock Exchange
Traded American Stock Exchange

Auditor

Ernst & Ernst
1800 First National Bank Building
120 South Sixth Street
Minneapolis, Minnesota 55402

Transfer Agent

First National Bank of Chicago
1 First National Plaza
Chicago, Illinois 60670

Registrar

Harris Trust and Savings Bank
111 West Monroe Street
Chicago, Illinois 60690

Annual Meeting

The Annual Meeting of Shareholders
will be held on Tuesday,
January 29, 1974, in the Austin
High School Auditorium,
Austin, Minnesota.
The meeting will convene at 8 p.m.
All shareholders are cordially
invited to attend.

